

Message Text

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ACTION EB-07

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L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 7752

INFO USDEL MTN GENEVA

UNCLAS OTTAWA 3814

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TAGS: ETRD, CA

SUBJ: SPEECH MADE IN OTTAWA BY AMBASSADOR RODNEY DEC. GREY,
HEAD OF CANADA'S MTN DELEGATION IN GENEVA

REF: OTTAWA 3727

1. FOLLOWING IS PRESS REPORT, WITH EXCERPTS, OF A SPEECH
MADE BY AMBASSADOR GREY, HEAD OF CANAD'S MTN DELEGATION,
BEFORE CANADIAN EXPORT ASSOCIATION IN OTTAWA, SEPT. 30,
1975. GREY'S COMMENTS WERE OFF-THE-CUFF AND NO COMPLETE
TEXT IS AVAILABLE.

BEGIN QUOTE. TRADE TROUBLE. GREY WARNS OF SERIOUS PRO-
BLEMS IN GATT TALKS.

CANADA FACES SERIOUS PROBLEMS IN THE CURRENT ROUND OF TRADE
NEGOTIATIONS IN GENEVA, THE HEAD OF THE CANADIAN DELEGATION
SAID TUESDAY.

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OUTLINING -- FOR THE CANADIAN EXPORT ASSOCIATION (CEA) --
SOME OF THE STUMBLING BLOCKS IN THE CURRENT TRADE DISCUSSIONS
UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT),
AMBASSADOR RODNEY GREY SAID CANADIANS ARE BEING MISLED BY CON-
STANT EXPOSURE TO THE AMERICAN MORALISTIC APPROACH TO TRADE.

SPEAKING TO THE CEA ANNUAL MEETING HERE, MR. GREY SAID:
'YOU'VE HAD ENOUGH INSPIRATIONAL MESSAGES -- I WON'T OFFER
YOU ANOTHER ONE.

'THE FIRST THING I WANT TO SAY IS THAT OUR ORIGINAL TARGET
DATE OF DECEMBER 1975 FOR THE CONCLUSION OF NEGOTIATIONS,
WAS UNREALISTIC. WE WON'T FINISH UNTIL 1977 -- PERHAPS LATER.

'WE'RE TALKING ABOUT TARIFF CHARGES THAT WILL NOT COME INTO
EFFECT UNTIL THE 1980S.'

MR. GREY ALSO REVEALED THAT CANADA AND HER MAJOR TRADING
PARTNERS HAVE RUN INTO A NUMBER OF POLICY CLASHES.

HE SAID CANADA FACES A SUBSTANTIAL BIAS FROM OTHER INDUS-
TRIAL NATIONS IN ITS EFFORTS TO INCREASE THE PROCESSING OF
ITS RAW MATERIALS AT HOME.

'OUR THREE MAJOR TRADING PARTNERS, THE UNITED STATES, JAPAN
AND THE EUROPEAN ECONOMIC COMMUNITY, ALL HAVE INCENTIVES THAT
ENCOURAGE THEM TO IMPORT ROCKS RATHER THAN SEMI-FINISHED PRO-
DUCTS;'

'THEIR TAX SYSTEMS ARE DESIGNED TO MAKE IT UNNECESSARY FOR
PRODUCERS TO LOCATE NEAR A RESOURCE AND HIGHLY PROFITABLE TO
LOCATE NEAR THEIR MARKETS.

'CANADA HAS BEEN TRYING TO REMOVE SOME OF THIS BIAS. OUR
THREE MAJOR MARKETS AND THE SCANDANAVIAN COUNTRIES WISH WE
WOULD GO AWAY. THEY LIKE THINGS THE WAY THEY ARE.

RELUCTANCE EVIDENT

'A RELUCTANCE OF OTHER COUNTRIES TO PARTICIPATE IN OUR NE-
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GOTIATIONS HAS BEEN PAINFULLY EVIDENT.

'WE'RE AFRAID WE'LL RUN OUT OF TIME BEFORE ANYTHING IS ACCOMPLISH-
ED. IF WE DON'T KEEP ON PRESSING AS VIGOROUSLY AS WE CAN,
THIS WHOLE AREA OF NEGOTIATIONS WILL COLLAPSE.'

TURNING TO THE ISSUE OF COUNTERVAILING DUTIES (A FORM OF
PENALTY THE UNITED STATES IMPOSES ON IMPORTED GOODS SUBSI-

DIZED BY A FOREIGN HOME GOVERNMENT), MR. GREY POINTED TO A SECOND MAJOR DIVERGENCE OF OPINION BETWEEN CANADA AND ITS NEIGHBOR TO THE SOUTH.

'THE U.S. APPEARS TO BE PROCEEDING ON THE ASSUMPTION THAT IT HAS THE RIGHT TO JUDGE AND APPLY SANCTIONS ON COUNTRIES WHICH CONGRESS DECIDES ARE NOT FULFILLING THEIR TRADE OBLIGATIONS,' HE SAID.

'CANADA FEELS THIS SHOULD BE A QUESTION FOR INTERNATIONAL SCRUTINY AND SURVEILLANCE.

'THIS HAS BEEN THE MOST DIFFICULT ISSUE SO FAR.'

MR. GREY SAID TARIFF BARGAINING IN GENEVA WAS IN A STATE OF LIMBO BECAUSE THE U.S. HAD NOT YET PRODUCED ANY TARIFF FORMULA PROPOSAL.

BUT EVEN A CLEAR-CUT PROPOSAL WOULD OFFER CANADIAN PRODUCERS NO CERTAINTY IN APPROACHING FOREIGN MARKETS, HE CAUTIONED, BECAUSE SO MANY TRADE ITEMS ARE DESIGNATED AS EXCEPTIONS TO THE GENERAL POLICY.

' THERE IS A REMARKABLE RELUCTANCE TO TALK ABOUT THESE EXCEPTIONS, AND THAT'S WHAT WILL CUT THE HEART OUT OF OUR NEGOTIATIONS.' END QUOTE
PORTER

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